

## REMARKS

This paper is responsive to the Office Action mailed August 28, 2006. Of the pending claims, Claims 1, 6, 12, and 17 have been amended, Claims 2-5, 9-11, 13-16, and 18-26 remain as originally filed, Claims 7 and 8 remain as previously presented, and new Claims 27-45 have been added. Claims 1-45 are thus pending in the application.

In the Office Action, Claims 1-26 were rejected as being anticipated by U.S. Patent No. 5,101,353 to Lupien et al. (hereinafter "Lupien"). While applicant does not concede the propriety of the claim rejections, applicant has amended the claims as noted above. Applicant submits that Lupien does not teach each and every element recited in the pending claims. Accordingly, withdrawal of the claim rejections and allowance of the application is proper.

### Interview Summary

Prior to discussing the claim amendments, the undersigned counsel wishes to thank Examiner Liversedge for the time and consideration she extended in a telephonic interview conducted February 20, 2007. In summary, the interview focused on proposed amendments to independent Claims 1 and 12 and the patentability of the claims over the prior art reference (Lupien) which was cited and applied in the Office Action. At the conclusion of the interview, applicant agreed to formally submit the present amendment for further consideration.

### Claims 1-11 And 27-29 Are Patentably Distinguished Over the Prior Art

Claim 1, in part, recites "retrieving a decision table...wherein the decision table further includes a holding tank capable of storing a plurality of orders that have been generated but not yet submitted for execution at a market." Claim 1 further recites "wherein at least one action of at least one rule in the decision table is to store an order in the holding tank, the holding tank having one or more conditions associated therewith, the method further comprising monitoring the one or more conditions of the holding tank and when the one or more conditions are met, removing the orders from the holding tank and taking at least one specified action with respect to each of the removed orders." Support for these elements is found in the present application, for

LAW OFFICES OF  
CHRISTENSEN O'CONNOR JOHNSON KINDNESS<sup>PLLC</sup>  
1420 Fifth Avenue  
Suite 2800  
Seattle, Washington 98101  
206.682.8100

example at page 28, lines 4-13, and at page 48, line 11 to page 50, line 4 of the application as filed. These elements of Claim 1 are not taught or suggested in Lupien.

Lupien relates to an automated system for trading securities in a portfolio. After considering portfolio data, such as a "client's current and 'normal' holdings for each security and its identification data, together with estimates of each security's price variability, cash flows, and a number of investment characteristics such as industry and sector exposures, earnings/price and debt/equity ratios," as well as "instructions concerning the maximum and minimum cash positions designated by the client and the deviations allowed from the base portfolio's individual sector, industry and security weightings" (Col. 3, lines 15-28), the system reviews real-time securities trading data and automatically issues buy and/or sell orders. (Col. 10, lines 24-30). Lupien does not teach a method using a decision table, wherein the decision table includes a holding tank as claimed.

Aspects of a holding tank were previously presented in Claim 6. With respect to Claim 6, the Office Action at page 5 cited passages of Lupien as allegedly disclosing a decision table including a holding tank. Applicant has reviewed the cited passages, and indeed the entire disclosure of Lupien, and respectfully disagrees.

In particular, the Office Action cited Col. 3, lines 7-14 and 23-45, which read as follows:

The system monitors security trades, price and size quotations and various portfolio characteristics as well as other factors in real time as disclosed herein. In response to this monitoring process the system enters, alters or cancels buy and sell orders and/or sets thereof through its own network, other networks and/or with computerized brokers and/or computerized stock exchanges.

...

The computer also holds instructions concerning the maximum and minimum cash positions designated by the client and the deviations allowed from the base portfolio's individual sector, industry and security weightings which may also be determined by the client. Through real time analysis of the data, the present invention tracks how close each security, sector, and the overall portfolio is to the limits designated by the client. To the extent that the limits have not been reached, the present invention will issue buy and/or sell orders as a function

LAW OFFICES OF  
CHRISTENSEN O'CONNOR JOHNSON KINDNESS<sup>PLLC</sup>  
1420 Fifth Avenue  
Suite 2800  
Seattle, Washington 98101  
206.682.8100

thereof as well as the security's volatility, current price and recent price history. It will also take into consideration the closeness of the overall cash position to its limits as well as positions, offsetting or otherwise, already achieved in other stocks. The resulting orders will be broadcast to other market participants logged into the computer executing this program, or series of programs, the placed on one or more computerized exchanges, brokerage services, market access networks or displayed through its own network. The division of orders among those sources of executions will be based upon a series of rules including probability of execution and control of pending orders.

Neither of these passages discloses anything about a "holding tank capable of storing a plurality of orders" as claimed, nor anything about storing an order in the holding tank, "the holding tank having one or more conditions associated therewith, the method further comprising monitoring the one or more conditions of the holding tank and when the one or more conditions are met, removing the orders from the holding tank and taking at least one specified action with respect to each of the removed orders." According to Lupien, as soon as an order is generated, it is broadcast to other market participants, then placed on one or more computerized exchanges, brokerage services, market access networks or displayed through its own network. In circumstances where Lupien's system decides not to generate an order, the system, by default, maintains the current position of the portfolio it is managing. In either case, Lupien does not teach or suggest storing an order in a holding tank as claimed in the present application, where the order has been generated but not yet submitted for execution at a market.

With respect to Claim 6, the Office Action further cited Col. 4, lines 32-36; Col. 6, lines 20-40; Col. 9, lines 43-54; Col. 10, line 24 to Col. 11, line 10; and Col. 12, lines 53-68, which do not anticipate the elements set forth in Claim 1. For convenience of examination, these passages are repeated as follows:

Col. 4, lines 32-36: As orders are executed, market quotes change or trades occur in the markets, the system which represents the present invention will update market data, portfolio holdings, including cash, and recalculate purchase and sale orders in all relevant securities.

Col. 6, lines 20-40: External market data is available to clients from securities information vendors. These storage devices may be located either at the

site of controller CPU 10 or at each client's location. These storage devices hold data on the portfolio(s) of each client along with that client's investment strategy, goals and risk profile. Each client can have its own computer terminal CPU 15 which is connected to storage device 14 and to controller CPU 10 by any of a variety of means, such as direct wire, satellite or telephone connections. These terminals may be any of a wide variety of computers including personal computers, main frames or mini-computers, depending on the needs of each client. The data in storage device 14 may be displayed at each client location on an associated CRT display 16 and/or a hard copy printer 17 in a format determined by controller CPU 10 or the client's CPU 15. Algorithms operating either at each client CPU 15 or at controller CPU 10 and customized for each client function to analyze the data in storage device 14 so as to create buy and sell orders for that client.

Col. 9, lines 43-54: Before the start of each trading day controller CPU 10 updates its data files at input step 30 with data from disc 12 covering relevant securities market information on corporate actions, such as recapitalizations, stock splits, dividends or interest payments, and closing prices from the previous day. During the trading day it updates its files from storage devices 14 and/or discs 12 with data covering internal market quotes, executions and other internal data, as well as with data continuously input during the trading day from the client's securities information vendor's quote and trade data feeds covering current external quotes, trades and other market data.

Col. 10, line 24 to Col. 11, line 10: The resultant analysis will be used in step 40 to generate buy and sell orders and/or sets of orders at specific prices for transmission by the system both internally to other clients and externally to outside broker dealers, exchanges and/or others for each security in the client's portfolio as to which the present invention deems it appropriate. The price of purchases and sales is dependent on interrelationships between inventory in the portfolio, the "normal" price for that security and its actual market price at the time the decision is made. The size of the purchase orders generated by the invention is greater the further the current actual price is below that security's "normal" price. The size of the purchase orders, if any, is smaller the further the actual price is above the security's "normal" price. Also, the buying limit, or size of order, per security becomes more (less) stringent as other securities become more (less) attractive to hold or as that security's sector becomes over- (under-) invested or as cash reserves fall (rise) from normal. The size of the sale order generated by the present invention is greater the further the current actual price is above that security's "normal" price. The size of the sale order, if any, will be smaller the further the actual price is below the security's "normal" price. Thus, the selling limit or size of order per security becomes more (less) stringent as other securities become less (more) attractive to hold or as that security's sector becomes under (over) invested or as cash reserves rise (fall) from normal. The size of the buy or sell order can be limited for low price stocks and will be smaller

for each difference between the current and "normal" prices the greater a security's variability. Further, the size of the invention's buy or sell order will be larger if such a transition would help to offset a current position imbalance in the portfolio's stock, industry, sector or cash exposure. To the extent that an acceptance of the invention's buy or sell order will aggravate a current imbalance, the size of that order will be restricted. If a decision is made in step 40 to enter no order, control of the program is transferred back to block 32 for analysis to proceed on the next security in the portfolio. It should be understood that the analysis of individual securities in individual portfolios is an ongoing, continuous process wherein the controller CPU 10 causes alterations of bids and offers in direct relationship to changes in the portfolio criteria and the receipt of continuously updated current market data from reading quote and trade tapes made available through trade data terminal 26. While this process is described as a flow, the system is "event driven" in that an event such as a transaction for clients or an "out of pattern" action by other market participants elsewhere will interrupt the flow and trigger a response on the part of this invention's trading and balancing algorithms. This response will be based on the rules discussed above.

Col. 12, lines 53-68: This process was referred to above in flow diagram steps 44, 46 and 48. An order is an instruction to buy or sell [*sic*] a security at a certain price or better. Orders may be any of the types commonly known such as market, limit, fill or kill, etc.

As with the other cited passages, these passages do not teach or suggest a "holding tank capable of storing a plurality of orders that have been generated but not yet submitted for execution at a market" as claimed, nor do they teach or suggest storing an order in the holding tank, "the holding tank having one or more conditions associated therewith, the method further comprising monitoring the one or more conditions of the holding tank and when the one or more conditions are met, removing the orders from the holding tank and taking at least one specified action with respect to each of the removed orders."

For the above reasons, applicant submits that Claim 1 is patentable over Lupien and should be allowed. Claims 2-11 are allowable for their dependency on patentable Claim 1 and for the additional subject matter they recite.

Additionally, new Claims 27-29 are patentable over Lupien. Claim 27 recites a feature previously set forth in Claim 1, "wherein the at least one action is selected by the owner of the process from the group comprising (i) generating an order, (ii) obtaining more information, and

(iii) evaluating another rule in the decision table." Applicant has considered the remarks in the Office Action and particularly the cited passages at Col. 3, lines 7-14 and 23-45; Col. 4, lines 31-36; Col. 6, lines 2-68; Col. 7, lines 15-26 and lines 39-43; Col. 9, lines 7-11 and 43-55; Col. 10, lines 1-8; Col. 10, line 61 to Col. 11, line 20; and Col. 11, lines 34-37 and 66-68. Notwithstanding Lupien's disclosure of user participation in setting up portfolio limits and/or actively determining trades outside the system, applicant submits that Lupien does not teach a decision table as claimed, wherein the at least one action (of a rule in the decision table) is selected by the owner of the process.

Claim 28 recites the method of Claim 1, "wherein the decision table includes a plurality of holding tanks," which is not taught by Lupien.

Claim 29 recites the method of Claim 28, "wherein the one or more conditions associated with each holding tank are separate from the one or more conditions associated with other holding tanks in the plurality of holding tanks," which also is not taught by Lupien.

In view of the above, Claims 1-11 and 27-29 should be allowed.

Claims 12-26 And 30-32 Are Patentably Distinguished Over the Prior Art

Claim 12 recites, in part, a method of facilitating trading that includes "retrieving...a decision table representing an order processing methodology...wherein the decision table further includes a holding tank capable of storing a plurality of orders that have been generated but not yet submitted for execution at a market, and...wherein at least one action of at least one rule in the decision table is to store an order in the holding tank, the holding tank having one or more conditions associated therewith, the method further comprising monitoring the one or more conditions of the holding tank and when the one or more conditions are met, removing the orders from the holding tank and taking at least one specified action with respect to each of the removed orders."

For reasons similar to those discussed above with respect to Claim 1, applicant submits that Claim 12 is patentable over Lupien. Lupien fails to teach or suggest all of the elements of Claim 12 as required to establish a *prima facie* case of anticipation. Claim 12 should be allowed.

Claims 13-26 are allowable for their dependency on patentable Claim 12 and for the additional subject matter they recite. Furthermore, new Claims 30-32 are allowable over Lupien, for reasons similar to those discussed above relative to Claims 27-30.

#### New Claims 33-38 Are Patentable Over the Prior Art

Claims 33-38 have been added to the application. Claim 33 is directed to a system for facilitating trading. The system includes a computer having a processing component, wherein the processing component is configured to process an order by retrieving a decision table having rules that specify at least one condition and at least one action to be taken when the at least one condition is satisfied. The decision table further includes a holding tank capable of storing a plurality of orders that have been generated but not yet submitted for execution at a market. At least one action of at least one rule in the decision table is to store an order in the holding tank. The holding tank has one or more conditions associated therewith. The processing component is further configured to monitor the one or more conditions of the holding tank and when the one or more conditions are met, to remove the orders from the holding tank and take at least one specified action with respect to each of the removed orders. These features are not fairly taught or suggested by Lupien or any other prior art reference of which applicant is aware.

Claims 34-38 are dependent on Claim 33 and are patentable for the same reasons as Claim 33, as well as for the additional subject matter they recite.

#### New Claims 39-45 Are Patentable Over the Prior Art

Lastly, Claims 39-45 have been added to the application. Claim 39 is directed to a computer-accessible medium having executable instructions stored thereon for facilitating trading. The instructions, when executed, cause a computer to process an order in accordance with a decision table, wherein the decision table has rules that specify at least one condition and

at least one action to be taken when the at least one condition is satisfied. The decision table further includes a holding tank capable of storing a plurality of orders that have been generated but not yet submitted for execution at a market, wherein at least one action of at least one rule in the decision table is to store an order in the holding tank. The instructions, when executed, further cause the computer to monitor one or more conditions associated with the holding tank and when the one or more conditions are met, to remove the orders from the holding tank and take at least one specified action with respect to each of the removed orders.

As with Claim 34, the features of Claim 39 are not fairly taught or suggested by Lupien or any other prior art reference of which applicant is aware. Claims 40-45 are dependent on Claim 39 and thus are patentable for the same reasons as Claim 39, as well as for the additional subject matter they recite.

#### CONCLUSION

Applicant requests withdrawal of the claim rejections and issuance of a notice of allowance. Should the Examiner identify any additional matters that need resolution prior to allowance, the Examiner is invited to contact the undersigned counsel by telephone.

Respectfully submitted,

CHRISTENSEN O'CONNOR  
JOHNSON KINDNESS<sup>PLLC</sup>



Kevan L. Morgan  
Registration No. 42,015  
Direct Dial No. 206.695.1712

LAW OFFICES OF  
CHRISTENSEN O'CONNOR JOHNSON KINDNESS<sup>PLLC</sup>  
1420 Fifth Avenue  
Suite 2800  
Seattle, Washington 98101  
206.682.8100